

annual report 2010

East Malvern Community
Financial Services Limited
ABN 27 089 542 174

East Malvern **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2010

It is again my pleasure to report on another year of the Company's growth in what has been a very challenging environment with significant increases in profitability from both our branch operations and the investment portfolio.

As a Board we are especially proud that during the last financial year the Company achieved several important milestones including:

- The 10th anniversary of returning banking services to the East Malvern community.
- Earning more than \$1,000,000 annual revenue for the first time.
- Passing the \$1,000,000 mark for total grants made through the community sponsorship program.

These are each significant milestones in their own right which have had a very positive and tangible impact on the many communities we serve in the East Malvern and surrounding areas.

As anticipated the Company experienced a significant improvement in pre-tax operating results both from the branch and investment earnings compared to the last financial year which was heavily influenced by the Global Financial Crises. Key metrics were as follows:

\$'000	2010	2009	
Revenue	1,080	794	up 36%
Operating profits before sponsorships and tax	446	210	up 112%
Sponsorships and donations	320	174	up 84%
Shareholder dividends (declared/paid)	75	51	up 47%

Breaking down the results saw underlying branch profit before tax for the year increase by \$68,000 or 22% with the second half of the year impacted by the costs of our 10th anniversary celebrations. Net investment returns rose by \$70,000 however the non cash mark-to-market adjustments which are driven by the fluctuations in the stock market are still causing significant variations in our half yearly results.

Chairman's report continued

Operating results (\$'000)	1H10	2H10	TOTAL 2010	1H09	2H09	TOTAL 2009
Community Bank® branch						
Branch revenue	508	502	1,010	483	409	892
Branch operating profit	209	167	376	191	117	308
Operating margin	41%	33%	37%	40%	29%	35%
Investment income						
Cash investment earnings	7	1	8	28	24	52
Mark-to-market adjustment	127	(65)	62	(151)	1	(150)
Operating profit before sponsorships and tax	343	103	446	68	142	210
Sponsorships			(320)			(174)
Net profit before tax			126			36

Your Board has paid an interim dividend of 9 cents (6 cents 2009) and has resolved to pay a final dividend of 10 cents per share (7 cents 2009) both fully franked, making 19 cents (13 cents 2009) for the year, payable on 31 October 2010 to all shareholders as at 30 September 2010.

At the completion of our tenth year of operation it is worthwhile reflecting on what has been achieved since its inception. Some pertinent facts are:

Initial capital	\$394,000
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Cumulative return to the community and shareholders as at 30 June 2010:

Sponsorship payments	\$1,230,000	64.1%
Dividends paid to shareholders	\$ 388,000	20.2%
Retained earnings	\$ 303,000	15.7%
Total	\$1,921,000	100%

Over the last 10 years our sponsorship payments have aggregated to more than 3 times our initial capital while fully franked dividends of \$388,000 paid to our shareholders equate to over 98% of our initial capital. At the same time the Company has established prudent financial reserves and a valuable investment portfolio.

While much has been achieved, the Board is not going to rest on its laurels. Instead it intends to push the business even harder, growing total branch footings through the ever increasing depth and breadth of our connections to the local community.

Chairman's report continued

Community sponsorships – Target \$2,000,000 in 2012

At the last Annual General Meeting held in October 2009 we announced a key milestone in that over \$1,000,000 in community sponsorships had been paid since the inception of the Company. By the completion of our 10th year the value of total payments had risen to \$1,230,000 and the Board has subsequently committed itself to raise total sponsorship payments to a targeted \$2,000,000 by 2012.

This will depend on continuing growth in the underlying branch business and represents a substantial yet achievable target that we as a Board will aim to meet with the combined help of the many thousands of stakeholders both small and large that we have in our local and extended community.

Branch operations and staff

Overall business volumes grew by \$1.5 million or 1.4% over the past 12 months as we worked hard to retain the abnormally high inflow into deposits that occurred during the prior year.

Our business levels can be categorised as follows:

Product	2010 \$mil	2009 \$mil
Savings accounts	8.7	9.7
Term deposits/bills	53.8	51.2
Statement accounts	17.0	17.0
Loan business	21.9	24.3
Off balance sheet business	7.3	5.0
Total	108.7	107.2

Bendigo and Adelaide Bank Ltd

The **Community Bank**[®] network's reach throughout Australia continues to expand within the overall activities of Bendigo Bank; I would like to acknowledge their continuing support and encouragement, and their focused attention to the needs of their customers.

Professional advice

I acknowledge the Company Secretary Ric Sykes and our Legal Advisor Phil Carey, for their professional advice during the year.

Chairman's report continued

Board of Directors

The Board continues to provide unstinting dedication and I acknowledge the time and energy they provide.

The Board comprises of:-

Peter W. Norman – Chairman

Stuart E. Martyn – Deputy Chairman

Ric Sykes – Company Secretary

Kenneth R. Blackshaw

Cheryl S. Newsom

Philip C. Carey

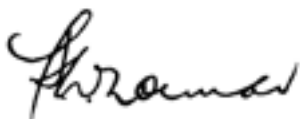
Michael Arbon

Todd Foster

Finally, I would like to thank those who are currently supporting our **Community Bank**[®] branch with their banking business and look forward to that continuing support in the future.

Our branch has always provided a high level of quality service and the Bendigo Bank product range continues to expand and is very competitive.

I welcome any shareholder or local resident who does not currently bank with us to come and experience the great service we deliver at our **Community Bank**[®] branch as its ongoing strength and vitality provide the ability for the Company to aspire to important community objectives such as "Target \$2,000,000 in 2012".



Peter Norman
Chairman

Sponsorship Committee report

For year ending 30 June 2010

The Company is proud of its community citizenship and is pleased to be in a position to fulfil the pledge to return a proportion of profit back to the community. Our community sponsorship program is in its sixth year of operation. Approved sponsorships together with donations and other community contributions have now exceeded \$1,230,000 since the branch was established.

Our contributions are aimed at improving the ability of community organisations to deliver services that they provide. We will continue to participate as actively as we can in this area and respond to requests for sponsorship where benefits are available to significant sections of our community.

During the last financial year, the Company was proud to have supported a wide cross section of community organisations, 52 in all, for a variety of initiatives with a total value of \$319,730 (\$173,976 (2009)).

SPORT

Organisation

- All Saints Tennis Club
- Ashburton Young Cricketers C C
- Caulfield Grammarians Football Club
- Chadstone Bowls Club
- Chadstone Synners Disability Teams
- Collegians Football Club
- De La Salle OC Football Club
- East Malvern Cricket Club
- East Malvern RSL Anglers Club
- East Malvern RSL Bowling Club
- Lloyd Street Netball Club
- Malvern Baseball Club
- Melbourne Rugby Union Football Club
- Monash Gryphons A F C
- Monash Gryphons Cricket Club
- Monash Gryphons Soccer Club
- Old Xaverians Football Club
- Powerhouse Amateur Football Club
- Prahran Cricket Club
- St. Mary's Salesian Football Club
- St.Kevins Old Boys Football Club
- Tooronga Malvern Football Club
- Victorian Amateur Football Association

Outcome

- Developing Junior Programs
- Bowling Machine and Accessories
- Computer and Software Program
- New Equipment
- Club Uniforms and Track Suits
- Scoreboard, Gym Facilities
- Scoreboard, Ground Seating and Equipment
- Portable Scoreboards, New Nets
- Boat Charter
- Greens Maintenance
- Equipment and Uniforms
- Equipment Upgrade
- Furniture and Refrigerator
- Oval Lighting Upgrade
- Create Junior Girls Cricket Team
- New Equipment
- Ground Improvements
- Paving Clubhouse Surrounds
- Furniture and Refrigerator
- Clubrooms Upgrade
- Relocation Assistance, Equipment, Sponsor Grand Final Luncheon
- Equipment, Training Coaching Staff
- Computer Hardware

Sponsorship Committee continued

EDUCATION

Organisation

- Caulfield Park Community School
- Gardiner Pre School
- Korowa Parents Association
- Malvern Memorial Kindergarten
- Malvern Valley Primary School
- Solway Primary School
- St. Roch's Primary School
- St. Josephs Primary School
- St. Mary's Primary School
- Sunny Side Kindergarten

Outcome

Breakfast Program for Disadvantaged Youth
Shade Sails, Storage Facilities
Sponsor School Ball
Outdoor Climbing Equipment
"Innovating with Technology" - Training Grant
Long Jump Pit, Year 5 & 6 Debating Course
Repairs to Playground, Shade Sails
New Rubber Fall Matting in Playground
Reverse Cycle Air Conditioning in Classrooms
Outdoor Playing Equipment Upgrade

COMMUNITY

Organisation

- 1st. Camberwell South Scout Group
- Camp Quality
- Caulfield Toy Library
- Chadstone Probus Club
- Cystic Fibrosis
- Duldig Gallery
- Firestation Print Studio
- Garlstonpark Girl Guides
- Lighthouse Foundation
- Lord Somers Camp
- Malvern Artists' Society
- Malvern East Community Centre
- Malvern Special Needs P/group
- Nirvana Playgroup
- St. John's Church
- Stonnington Symphony
- Variety Bash - Car 167
- Very Special Kids
- Youth Connect

Outcome

Assistance for Attending Australian Jamboree
"Kids with Cancer"
New Toys and Equipment
Funding Mail Outs to Members
Sponsor Race Day
"Clay for Kids" Program
Community Arts Room
Assistance for Attending District Camp
Sponsorship of Homeless Youth
Refurbish Meeting Rooms
Spring Exhibition - Art Awards
New Playground Equipment
New Indoor and Outdoor Equipment
Artificial Turf in Play Area
Rebuilding Fund Appeal
Sponsorship of Concerts
Fundraising for Childrens Charities
Sponsorship - Art Exhibition
Traineeship Program



Ric Sykes

Director and Sponsorship Committee member

Director's Financial Statement

For year ending 30 June 2010

The net profit of the Company for the financial year after providing for income tax amounted to \$76,092 (\$21,795 (2009)).

A review of the operations of the Company during the financial year and the results of those operations were as follows:

- The principal activity of the Company during the financial year was operating a **Community Bank**[®] branch under a franchise with Bendigo and Adelaide Bank Ltd.
- No significant change in the nature of these activities occurred during the year.
- The Company will continue with its policy of providing banking services to the community.
- Dividends paid during the year were, a final dividend for 2009 of 7 cents (fully franked), an interim dividend for 2010 of 9 cents (fully franked), and the Board has recommended a final dividend of 10 cents (fully franked) to be paid on 31 October 2010 to all shareholders as at 30 September 2010.
- There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.
- No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.
- No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is in or has been an Officer or Auditor of the Company.

Signed in accordance with a resolution of the Board of Directors on 27 September 2010.



Ric Sykes
Director and Company Secretary

Secretary's report

For year ending 30 June 2010

Use of the Company seal

The Company seal was used once during the year for the branch premises lease renewal.

Directors attendance at board meetings

Eleven Board meetings were conducted during the year. The attendance was:

Peter Norman	11
Ric Sykes	8
Stuart Martyn	8
Ken Blackshaw	11
Cheryl Newsom	11
Philip Carey	8
Michael Arbon	10
Todd Foster (appointed 25 August 2009)	7



Ric Sykes

Director and Company Secretary

Financial statements

Balance sheet at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash	17 (a)	78,368	32,745
Accounts receivable	5	122,088	87,005
Investments	6	137,922	181,312
Total current assets		338,378	301,062
Non-current assets			
Investments	7	462,001	406,311
Property, plant and equipment	8	25,286	34,294
Intangibles	9	-	2,000
Deferred tax assets	10	41,026	59,667
Total non-current assets		528,313	502,272
Total assets		866,691	803,334
Current liabilities			
Accounts payable	11	540	505
Provisions	12	69,477	68,241
Other	13	84,194	25,012
Total current liabilities		154,211	93,758
Non-current liabilities			
Provisions	14	15,388	13,595
Total non-current liabilities		15,388	13,595
Total liabilities		169,599	107,353
Net assets		697,091	695,981
Shareholder's equity			
Share capital	15	394,310	394,310
Accumulated profits	15	302,781	301,671
Total shareholder's equity		697,091	695,981

The accompanying notes form part of these financial statements.

Financial statements continued

Income statement For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Margin income	2	827,847	719,916
Fee income		159,892	146,924
Commission income		22,304	25,393
Interest income		6,683	14,148
Dividends and other investment income		76,332	(112,323)
Total income		1,079,692	794,058
Personnel expenses		344,728	311,940
Building occupancy expenses		72,928	77,048
Depreciation and amortisation		11,009	12,711
Sponsorships and donations		319,730	173,936
Other office expenses		205,005	182,030
Bad debt expense	2	773	546
Interest expense	2	-	-
Total expenses		954,173	758,211
Operating profit		125,519	35,847
Income tax expense	3	49,427	14,052
Operating profit after income tax		76,092	21,795
Dividends declared	4	(74,919)	(51,260)
Accumulated profits at the beginning of the financial year		301,671	313,106
Prior period over accrual of income tax		-	18,030
Accumulated profits at the end of the financial year		302,781	301,671
Earnings per share		19.3 cents	5.5 cents

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Receipts from customers		1,001,547	894,527
Payments to suppliers and employees		(913,352)	(873,211)
Dividends and other investment income		14,199	27,913
Interest received		6,683	14,148
Income tax paid		(50,197)	(44,568)
Net operating cash flows	17 (b)	58,880	18,809
Cash flows from investing activities			
Furniture / fittings / motor vehicles		-	-
Investment in sponsorship fund (ASX listed sec)		6,443	(25,175)
Redemption / (investment) in term deposits		43,390	(13,569)
Net investing cash flows		49,833	(38,744)
Cash Flows from financing activity			
Payment of dividends on ordinary shares		(63,090)	(55,203)
Net investing cash flows		(63,090)	(55,203)
Net increase/(decrease) in cash held		45,623	(75,138)
Cash at the beginning of the financial year		32,745	107,883
Cash at the end of the financial year	17 (a)	78,368	32,745

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ended June 2010

	Issued capital \$	Retained earnings \$	Total \$
At 30 June 2008	394,310	313,106	707,416
Prior period over accrual of income tax		18,030	18,030
Profit for the year		21,795	21,795
Dividends declared		(51,260)	(51,260)
At 30 June 2009	394,310	301,671	695,981
Prior period over accrual of income tax			
Profit for the year		76,092	76,092
Dividends declared		(74,919)	(74,919)
At 30 June 2010	394,310	302,781	697,091

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1 Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Law, which includes applicable Accounting Standards. Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board have also been complied with. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

Income tax

The Company adopts the liability method of tax effect accounting whereby the income tax expense is based on the operating profit adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Property, plant and equipment

Property, plant and equipment are carried at cost or at independent or Director's valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal.

Notes to the financial statements continued

Note 1 Statement of significant accounting policies (continued)

Property, plant and equipment (continued)

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, are depreciated on straight line basis over the estimated useful lives to the entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

Intangibles

Franchise fees are amortised over the useful life, being a period of 5 years.

Employee entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenue is recognised net of the amount of goods and services tax.

Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received.

Financial instruments included in equity

Ordinary share capital is recorded at the value of the consideration received. The costs of issuing shares are charged against the share capital. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Financial instruments included in liabilities

Borrowings are recorded at the amount received on advance from the lender.

Notes to the financial statements continued

Note 1 Statement of significant accounting policies (continued)

Financial instruments included in assets

Trade debtors are initially recorded at the amount of contracted sale proceeds.

Provision for doubtful debts are recognised to the extent that recovery of the outstanding receivable balance is considered less than likely. Any provision established is based on a review of all outstanding amounts at balance date. A specific provision is maintained for identified doubtful debts, and a general provision is maintained in respect of receivables which are doubtful of recovery but which have not been specifically identified.

Bank deposits and short term bank bill investments are carried at cost and interest revenue is recognised on an effective yield basis.

Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

	Note	2010 \$	2009 \$
Note 2 Profit and loss items			
Margin income		827,847	719,916
Fee income		159,892	146,924
Commission income		22,304	25,393
Interest income		6,683	14,148
Dividends and other investment income		76,332	(112,323)
Total income		1,079,692	794,058
Operating result is after charging the following expenses:			
Depreciation:			
Depreciation of :			
– Fixtures and fittings		3,149	3,149
– Motor vehicles		5,860	7,562
Amortisation of			
– Establishment fees		2,000	2,000
Total depreciation and amortisation		11,009	12,711

Notes to the financial statements continued

	Note	2010 \$	2009 \$
Note 2 Profit and loss items (continued)			
Bad debt expense		773	546
Interest expense		-	-
Other operating expense items:			
Provision for employee entitlements		12,158	14,221
Operating lease rentals		59,698	60,650

Note 3 Income tax

Income tax expense

The difference between the income tax benefit in the financial statements and the prima facie income tax benefit is reconciled as follows:

Operating profit	125,519	35,847
Prima facie tax expense	37,656	10,754
Tax effect of permanent and other differences:	11,771	3,082
Prior period under accrual	-	216
Total income tax expense attributable to operating profit	49,427	14,052

The value of franking credits as at 30 June 2010 was \$273,183 (\$224,610 2009)

Note 4 Dividends paid and payable

Dividends paid

Fully franked interim dividend (6 cents per share)	-	23,658
Fully franked interim dividend (9 cents per share)	35,488	-

Dividends proposed

Fully franked final dividend (7 cents per share)	-	27,602
Fully franked final dividend (10 cents per share)	39,431	-

Total dividends paid and payable	74,919	51,260
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Notes to the financial statements continued

	Note	2010 \$	2009 \$
Note 5 Accounts receivable (current)			
Accounts receivable		93,788	85,292
Sundry receivables		28,300	1,713
Provision for doubtful debts		-	-
Total accounts receivable (current)		122,008	87,005
Note 6 Investments (current)			
Term deposits		137,922	181,311
Total investments (current)		137,922	181,311
Note 7 Investments (non-current)			
Sponsorship fund (ASX listed securities) at cost		598,757	605,200
Market value adjustment		(136,756)	(198,889)
Total investments (non-current)		462,001	406,311
Note 8 Property, plant and equipment			
Furniture and fittings at cost		15,743	15,743
Less accumulated depreciation		(10,015)	(6,866)
Total fixtures and fittings, net		5,728	8,877
Motor vehicles at cost		33,609	33,609
Less accumulated depreciation		(14,052)	(8,192)
Total motor vehicles, net		19,557	25,417
Total property, plant and equipment, net		25,285	34,294

Notes to the financial statements continued

	Note	2010 \$	2009 \$
Note 9 Intangibles			
Franchise fee at cost		60,000	60,000
Training fee at cost		50,000	50,000
Total establishment fees at cost		110,000	110,000
Less accumulated depreciation		(110,000)	(108,000)
Total establishment fees, net		-	2,000
Total intangibles, net		-	2,000

Note 10 Deferred tax asset

Temporary differences		41,026	59,667
Total deferred tax assets		41,026	59,667

Note 11 Accounts payable (current)

Trade creditors - unsecured		540	505
Total accounts payable (current)		540	505

Note 12 Provisions (current)

Employee entitlements		43,164	34,779
Dividends on ordinary shares		40,557	28,876
Income tax		(14,244)	4,586
Total provisions (current)		69,477	68,241

Note 13 Other (current)

Net GST collected/(paid)		13,918	14,562
Accruals		66,650	7,500
Miscellaneous		3,626	2,950
Total other liabilities (current)		84,194	25,012

Notes to the financial statements continued

	Note	2010 \$	2009 \$
Note 14 Provisions (non-current)			
Employee entitlements		15,388	13,595
Total provisions (non-current)		15,388	13,595

Note 15 Share capital

Paid up capital

Beginning of the financial year		394,310	394,310
Ordinary shares fully paid		394,310	394,310

Movement in shares on issue

Beginning of the financial year		394,310	394,310
Ordinary shares fully paid		394,310	394,310

Movement in retained earnings

Accumulated profits at the beginning of the financial year		301,671	313,106
Prior period over accrual of income tax		-	18,030
Operating profit after income tax expense		76,092	21,795
Dividends paid / payable	4	(74,919)	(51,260)
Accumulated profits at the end of the financial year		302,781	301,671

Note 16 Commitments

Operating lease expenditure contracted for is payable as follows:

Not later than one year		57,754	43,863
Later than one year but not later than five years		191,993	10,293
		249,747	54,156

Notes to the financial statements continued

	Note	2010 \$	2009 \$
Note 17 Notes to the statement of cash flows			
(a) Reconciliation of cash			
For the purpose of the Statement of cash flows, cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Balance sheet as follows:			
Cash at bank		78,368	32,745
		78,368	32,745
(b) Reconciliation of net cash provided by operating activities to operating profit after income tax			
Operating profit after income tax		76,092	21,795
Adjustments for non-cash income and expense items:			
Franking credits received		(7,384)	(9,648)
Depreciation		9,009	10,711
Amortisation		2,000	2,000
(Increase) / decrease in assets:			
Market value adjustment		(62,133)	149,884
Accounts receivable		(35,083)	2,294
Deferred tax asset		18,641	(44,966)
(Decrease) / increase in liabilities:			
Accounts payable		35	(1,318)
Provisions and other liabilities		57,703	(111,943)
Net cash from operating activities		58,880	18,809

Notes to the financial statements continued

	Note	2010 \$	2009 \$
Note 18 Directors' remuneration			
The number of Directors who were paid, or were due to be paid remuneration (including brokerage, commissions, bonuses, retirement payments and salaries), directly or indirectly from the Company or any related corporation, as shown in the following bands, were: 6 (6 in 2009)			
The aggregate remuneration of all Directors was:		30,000	30,000

Note 19 Financial instruments

(a) Interest rate risk exposures

The Company is exposed to interest rate risk through primary financial assets and liabilities. The following table summarises interest rate risk for the Company, together with effective interest rates as at balance date.

2010	Floating interest rate (a)	Fixed rate 1 year or less	Non- interest bearing	Total	Average interest rate	
					Floating	Fixed
Financial assets						
Cash (i)	78,368			78,368	0.14%	
Accounts receivables			122,088	122,088		
Term deposits		137,922		137,922		2.5%
	78,368	137,922	122,088	338,378		
Financial liabilities						
Accounts payable			540	540		
	-	-	540	540		
2009						
	Floating interest rate (a)	Fixed rate 1 year or less	Non- interest bearing	Total	Average interest rate	
					Floating	Fixed
Financial assets						
Cash (i)	32,745			32,745	0.1%	
Accounts receivables			87,005	87,005		
Term deposits		181,311		181,311		2.5%
	32,745	181,311	87,005	301,061		
Financial liabilities						
Accounts payable			505	505		
	-	-	505	505		

(i) The floating interest rate represents the rate applicable to the instrument at balance date.

(ii) The fixed interest rate represents the contract rates in place at balance date.

Notes to the financial statements continued

	Note	2010 \$	2009 \$
Note 20 Remuneration of Auditors			
The following total remuneration was received, or is due and receivable, by the Auditors of the Company in respect of:			
- Auditing the financial statements		2,805	2,500
- Other services		908	650
Total remuneration of Auditors		3,713	3,150

Note 21 Related party disclosures

Transactions undertaken on commercial terms and conditions

P Norman – bookkeeping		2,000	1,500
EZ Enterprise Pty Ltd (R Sykes) – accounting fee		2,000	1,432
Total related party payments		4,000	2,932

Note 22 Subsequent events

There have been no events after balance date which are likely to have a significant effect on the operations of the Company.

Note 23 Segment Information

The Company operates predominantly in one industry, the financial services industry. All operations are carried out in East Malvern, Victoria.

Note 24 Contingent Liabilities

The Company is not aware of any contingent liability as at the date of this financial report.

Directors' declaration

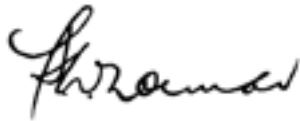
The Directors of the Company declare that:

1. The financial statements and notes

- (a) Comply with applicable Accounting Standards and the Corporations Law; and
- (b) Give a true and fair view of the financial position at 30th June 2010 and performance for the year ended on that date of the Company.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Peter Norman
Chairman



Ric Sykes
Director and Company Secretary

Dated 27 September 2010.

Independent audit report

To the members of the East Malvern Community Financial Services Limited.

Scope

We have audited the financial report being the Director's Declaration, Profit & Loss Statement, Balance Sheet and Notes to the Financial Statements of East Malvern Community Financial Services Limited for the period 1 July 2009 to 30 June 2010. The Company's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the Company's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of East Malvern Community Financial Services Limited is in accordance with:

- (a) The Corporations Law including:
 - (i) Giving a true and fair view of the Company's financial position as at 30th June 2010 and of their performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards and the Corporations Regulations; and
- (b) Other mandatory professional reporting requirements.

John Creffield

53 Blackwood Street
Carnegie Vic 3163
Ph: (03) 9569 4237 Fax: (03) 9569 4237



John Creffield
Principal

17 August 2010

East Malvern **Community Bank**[®] Branch
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(BMPAR10018) (07/10)